



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-19, North Carolina State Income Tax Withholding

Date: July 6, 2004

To: Holders of TAXES (State of North Carolina only)  
Personnel User Groups  
T&A Contact Points in North Carolina

Beginning with wages paid for Pay Period 14, the National Finance Center (NFC) will change the standard deduction for Married or Qualifying Widow(er) for North Carolina state income tax withholding. The standard deduction for Married or Qualifying Widow(er) will increase from \$2,750 to \$3,000.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).

RANDOLPH H. GONZALES, Acting Director  
Government Employees Services Division

# North Carolina State Income Tax Information

<b>State Abbreviation:</b>	NC
<b>State Tax Withholding State Code:</b>	37
<b>Acceptable Exemption Form:</b>	NC-4
<b>Basis For Withholding:</b>	State Exemptions
<b>Acceptable Exemption Data:</b>	S, M, H / Number of Dependents
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	None

## Withholding Formula ►(Effective Pay Period 14, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the standard deduction allowance by applying the following guideline and subtract this amount from the annual wages.

<b>If the Employee Is:</b>	<b>The Standard Deduction Is:</b>
Single	\$ 3,000
Married or Qualifying Widow(er)	►3,000◄
Head of Household	4,400

6. Determine the dependent allowance by applying the following guideline and subtract this amount from the result of step 5.

Dependent Allowance = \$2,000<sup>1</sup> x Number of Dependents

<sup>1</sup> Use \$2,500 if the employee's annual wages are less than the amount shown below:

Single - \$60,000

Married or Qualifying Widow(er) - \$50,000

Head of Household - \$80,000

7. Apply the taxable income computed in step 6 to the following table to determine the North Carolina tax withholding.

**Tax Withholding Table  
Single**

If the Amount of Taxable Income Is:		The Amount of North Carolina Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 12,750	6.00%	minus	\$ 0.00
12,750	60,000	7.00%	minus	127.50
60,000	120,000	7.75%	minus	577.50
120,000	and over	8.25%	minus	1,177.50

**Married  
or  
Qualifying Widow(er)**

If the Amount of Taxable Income Is:		The Amount of North Carolina Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 10,625	6.00%	minus	\$ 0.00
10,625	50,000	7.00%	minus	106.25
50,000	100,000	7.75%	minus	481.25
100,000	and over	8.25%	minus	981.25

**Head of Household**

If the Amount of Taxable Income Is:		The Amount of North Carolina Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 17,000	6.00%	minus	\$ 0.00
17,000	80,000	7.00%	minus	170.00
80,000	160,000	7.75%	minus	770.00
160,000	and over	8.25%	minus	1,570.00

8. Divide the annual North Carolina tax withholding by 26 and round to the nearest dollar to obtain the biweekly North Carolina tax withholding.